



**P.O. Box 11429
Columbia, SC 29211
(803) 750-9561
scpress.org**

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**Postal Regulatory Commission
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May 23, 2012

Secretary
Postal Regulatory Commission

Dear Secretary

I am writing on behalf of the 117 member newspapers of the South Carolina Press Association. We wish to express concern and even dismay about the efforts of the United States Postal Service to enter into an anti-competitive, special-rate discount with a single company, Valassis Direct Mail.

We specifically request that you urge the Postal Regulatory Commission to reject the plan for a Negotiated Service Agreement that would give this single advertising mailer a 22% to 36% discount on new advertising accounts.

This is a two-way threat to local newspaper advertising revenues as newspapers continue to fulfill their important roles in their communities. First, this discount program would allow one company to have significant marketplace advantages not available to others using direct mail -- including newspapers with their total market coverage products. Secondly, this single company would have unfair, competitive advantages in luring advertisers that now deliver their messages through newspapers, particularly those using inserts and preprinted material.

Here are three points to consider:

- Such agreements are not allowed if there is a showing of “unreasonable harm” in the marketplace. That is the case here as the USPS data does not account for the potential shift of advertising from local newspapers to a national advertising mail competitor. The fiscal impact on the ability of many Ohio newspapers to cover news and serve the public could be substantial; even fatal in some cases.
- It will not materially help the Postal Service’s bottom line. There will be lost volume and revenue related to others abandoning direct mail. This could accelerate the Postal Service’s challenges.
- This is an unfair agreement with a single customer that distorts and unbalances the marketplace.

Newspapers are long-standing and important customers of the Postal Service, and our industry has supported a number of logical reforms. This is not the way to do it. Thank you for your consideration. Please contact us if we can provide further detail assistance.

Best regards,

William C. Rogers
Executive Director